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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2004

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Report Highlights:

From America's largest overseas food and agricultural export market as translated from Japan's mass media and food industry news. This issue includes: *Nakashoku* or home meal replacement (HMR) continues to show growth; *Yoshinoya D&C's* initial reactions in the early stages of Japan's ban on imports of U.S. beef; *Nathan's Famous* hotdogs arrive in Japan; Japanese consumers are introduced to the first *natto* sticky bean product made from U.S. GM soybeans; Japanese retailers begin providing beef traceability information for consumers in advance of Japanese law that will require it in December 2004 and; a supermarket in Nagasaki prefecture mislabels imported beef as domestic in the midst of Japan import ban against U.S. beef.

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Food Business Line

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Retail/Wholesale

- Wal-Mart Stores plans to open its first super center in Japan in Shizuoka prefecture in April 2004. (a 12/14)
- Four major *nakashoku* (HMR) manufacturers that sell *bento* lunch boxes to retail outlets expect an increase in their consolidated working profits for the fiscal year ending in March 2004. It is mainly due to new openings of convenience stores and improved efficiency of these companies' factory operations. It is also because of the expanded *sozai* deli floors in supermarkets. (a 12/19)

Food Service

- The Japanese food service market continues to shrink as more people prefer to eat at home, accelerated by the unseasonably cold summer in 2003. However, the market saw a 8% increase in total sales of 58 major listed food service companies for the first half of the fiscal year ending in March 2004, according to the Food Industry News survey. It was mainly due to new store openings, mergers and acquisitions. (f 12/8)
- U.S. major hot dog chain, Nathan's Famous, plans to open its first shop in central Tokyo on December 18. It plans to expand the number of outlets to 200 in five years. (a 12/13)
- *Yoshinoya D&C*, a *gyudon* beef bowl fast food chain operator, will stop operating late at night due to the shortage of imported meat resulting from the ban on beef imports from the U.S. following the detection of BSE. About 99% of the roughly 30,000 tons of beef *Yoshinoya* uses each year is imported from the United States. The inventory will likely dry up at the end of January, so initially, *Yoshinoya* is planning to introduce substitute menus such as curry bowl and chicken/pork bowl. (a 12/30)
- In a subsequent announcement, *Yoshinoya D&C* announced on December 30 that they would stop the sales of *gyudon* beef bowl in mid February due to shortage of beef. (a 12/30)

Food Processing/New Products/Market Trends

- According to the *Food Industry News* survey on major food companies in Japan, total consolidated sales declined by 3.4% compared to the same period last year, based on the financial results for the first half of the fiscal year ending in March 2004. It was the second consecutive year of decline. (f 12/4)
- A venture company called *A-HIT Bio* introduced a first GM product in Japan "*Natto no Susume*", a *natto* sticky bean product that consist of U.S. GM soybean imported from *Monsanto Japan*. (f 12/8)

ATO Note: Several of the investors for this natto product are former professors from the University of Hokkaido. In the beginning, sales will be handled over the Internet or by fax, according to instructions on their website. Natto is produced from relatively smaller soybeans, which are fermented. It is said that natto is high in isoflavones.

- According to the “World Health Report 2003” announced by the *World Health Organization* (WHO), Japanese men and women ranked top in the world for both the overall “average length of life” and the “healthy length of life” (or healthy life expectancy). “Healthy length of life” uses a new Disability Adjusted Life Expectancy calculation. It is measured by deducting the length of major illness or injury from the length of life. (a 12/19)

Food Safety/Consumer Awareness

- The beef traceability law took effect on December 1, 2003, obliging producers to assign identification numbers to all cattle raised in Japan and to keep historical records. The legislation will actually apply to retailers from December of the following year, but supermarket operators are starting to fulfill the requirements in advance to meet the growing consumer awareness on food safety. For example, starting December 12, *Maruetsu* will begin displaying cattle ID numbers on each beef package at all of its outlets. *Eco's* has begun to show cattle ID numbers on beef packages at an outlet that opened on Nov. 29 in Tokyo. *Tokyo Store* chain will also start implementing a similar system at an outlet on December 9 and, plans to extend it to all stores by next October. *Aeon* also began a labeling system in 38 stores last winter. It gives the consumer the production history on domestic cattle. *Aeon* will expand the system to cover 105 outlets by the year's-end. (a 12/1)
- Food companies such as *QP Corporation*, *Ryoshoku*, and *Ito-Ham* plan to unify the codes of processed foods with *NTT Data Systems* for use in a common traceability system. Among the 23 companies participating, some will establish a “Joint Traceability Center” by next May, aiming to promote the use of the unified codes. (a 12/5)
- It was revealed on December 29 that a supermarket in Nagasaki prefecture falsely labeled imported beef as domestic in the hope of reviving sales affected by the news of BSE in the United States. (a 12/30)

ATO/Cooperator/Competitor Activities/Trade Shows

- A venture company called *New Agri Network* plans to double the import quantity of strawberries from Tasmania in 2004 in response to increasing demand from Japanese western-style confectionery makers, hotels, and food service companies particularly in the summertime when domestic strawberries are out of season. (b 12/18)

Sources

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|----------------------------------|---|
| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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